

Part IX  
**Managing Our Money – Clergy Compensation -II**

*(This is part of an ongoing series of articles about the church's finances by Dual Macintyre, Treasurer)*

Last week, I described how clergy compensation, which includes the *cash stipend*, or salary, *Social Security tax reimbursements*, *utilities* and a *housing equity allowance*, is calculated. This week, I will provide some detail about the other items that appear in the “clergy” line of our expenses. Some, but not all, of these items are what most of us think of as employment benefits.

The first of these expenses is clergy pension which, along with health insurance, is mandated by the Diocese. The pension amount is calculated as 18% of the total clergy compensation for the year and is paid quarterly into the Church Pension Fund. The second benefit expense is health insurance and there are many options for providers, depending on where the person is located. Nantucket, as usual, is unique in that only one option is available here, Blue Cross/Blue Shield. The Diocese negotiates contracts with the insurance providers for all its member churches and the options change almost yearly, reflecting the current turmoil in the health insurance industry. Another inexpensive benefit we provide is clergy disability insurance, which would provide payments if a priest becomes disabled.

The church also provides for expenses to help our Rector better minister to the congregation. We will reimburse Gene for travel expenses related to church business, for attendance at certain conferences and meetings and for dues and publications he needs to perform his pastoral duties. Also included in the general category of clergy expenses is an amount to pay for a supply priest to fill in for Gene when he goes on vacation. The Vestry also provides an amount each year for the Rector's Discretionary Fund, to be used as the Rector sees fit. Disbursements from that fund are reviewed each year by a member of the Vestry.

Another item that might be considered part of clergy compensation is the Rectory and its upkeep and maintenance. Although the Rectory housing is clearly part of compensation, we track most of the Rectory expenses – water, sewer, electricity, telephone, heating fuel and refuse removal – as part of our accounts for each building. I will describe these accounts in more detail when we cover the Building and Grounds expenses.

One final note on Rectory housing – the I.R.S. has very stringent requirements for the value of the benefit to be excluded from income. The employer must require the individual to live in the lodging provided as a condition of employment (which we do) and the lodging must be on the business premises of the employer. We qualify for both conditions, but another church that had a house for their minister away from their church's campus would not qualify and the minister would have to include the value of the housing in his or her gross income.